

State of Alaska FY2003 Governor's Operating Budget

Department of Natural Resources Pipeline Coordinator Component Budget Summary

Component: Pipeline Coordinator

Contact: John Kerrigan, State Pipeline Coordinator

Tel: (907) 271-4304 **Fax:** (907) 272-0690 **E-mail:** jkerriga@jpo.doi.gov

Component Mission

To encourage the development of petroleum pipelines on State land that make a significant contribution to the general welfare of the people of Alaska, and to encourage excellent operations of those pipelines.

Component Services Provided

State Pipeline Coordinator Office (SPCO) provides right-of-way leases for petroleum pipelines on State lands, administers the rights-of-way under our jurisdiction, oversees the operations of the pipelines on those rights-of-way, and informs stakeholders of the results of our adjudication, administration, and oversight activities.

Component Goals and Strategies

1. Process applications, and negotiate and deliver Right-of-Way Leasing Act leases, in a manner that serves the State's interests.
2. Administer leases under our jurisdiction, including oversight of the construction, operation, maintenance and termination of pipelines on the leases.
3. Coordinate our oversight of TAPS with the U.S. Bureau of Land Management, so that TAPS remains available to bring North Slope crude to market.
4. Keep the public informed of our activities.

Key Component Issues for FY2002 – 2003

- The right-of-way lease for TAPS, for a large number of facilities ancillary to TAPS, and for five common carrier pipelines on the North Slope, expire in less than three years, and the renewal processes are beginning.
- Pending are assignments for the Alpine Oil Pipeline Right-of-Way Lease and Milne Point pipeline right-of-way leases. Also pending are guaranties for the Milne Point pipelines, Northstar pipelines, Badami pipelines, and Endicott Pipeline.
- Working with the Lessees on the as-builts for Badami, Alpine and Northstar as required in the AS 38.35 pipeline right-of-way leases.
- Pending is an application from BP for the Liberty Pipelines for AS 38.35 pipeline right-of-way leases.
- Pending is the filing of an AS 38.35 right-of-way lease application for a proposed gas pipeline, Kenai-Kachemak Pipeline. The proposed pipeline will be approximately 90 miles long. Two spurs are planned. A seven-mile pipe will connect the Deep Creek gas field to the Kenai-Kachemak Pipeline. A four-mile portion will connect the Kasilof wells to the pipeline.
- Working with the Lessees on Kuparuk Extension, Kuparuk, Oliktok, Endicott, and Milne pipelines to renew their right-of-way leases, which expire in May of 2004.
- Continuing workload on the administration of the operation of one (1) AS 38.05 Grant of Right-of-Way, and 17 issued AS 38.35 Right-of-Way Leases and additional grants of right-of-ways for access roads and communication sites that support the operation of TAPS.
- Continuing workload on the administration of the maintenance activities through the issuance of material sale contracts, land use permits, temporary water use permits, authorizations, construction authorizations, notices to proceed, etc., which support those maintenance activities of the AS 38.35 Right-of-Way Leases and the AS 38.05 Grants of Right-of-Way.
- Continuing surveillances on the State material sites supporting the TAPS Right-of-Way Lease.
- Managing our workforce and organization to accommodate these and other changes is our largest issue, particularly given the multi-agency structure within which we work.

Major Component Accomplishments in 2001

- Six right-of-way leases have been executed in the last two years, reducing the number of pending applications and increasing the number of pipeline operations that we oversee to 18.
- Approved amendment to Northstar Gas Pipeline Construction Plan for the installation of a fiber optic cable.
- Executed releases of the ARCO guaranties for the pipeline right-of-way leases, which were held by ARCO and have been transferred to Phillips Petroleum Company.
- Executed the Milne Point Products Pipeline Right-of-Way Lease and approved the construction plan.
- Approved the Sagavanirktok River Restoration Plan for the Badami Project.
- Processed non-objection request on projects within existing AS 38.35 pipeline rights-of-way.
- Sent a request for reappraisal of ANGTS Right-of-Way Grant to the State Appraiser for her review.
- Approved the Nuiqsut Natural Gas Pipeline Construction Plan for Phase II of the construction activities.
- Worked with BPTA on a resolution to the shifting TVA vibration dampers on the Badami 6 inch Utility Pipeline.
- During FY2001, we issued five material sale contracts, five land use permits, and one temporary water use permit.
- We also issued two Notices to Proceed, 18 Off Right-of-Way Authorizations, and seven waivers to the JPO Brushing Policy.
- Conducted Surveillances on 27 State Material Sites, which support the operation and maintenance activities of the TAPS Right-of-Way Lease. These surveillances are combined into a joint Annual Assessment Report for the office on 66 TAPS State/Federal material sites. This report addresses the lessee's compliance with the material sale contracts, TAPS Right-of-Way Lease, and mining and reclamation laws and regulations.
- The State Pipeline Coordinator issued an order to Alyeska Pipeline Service Company to construct a revetment on the east bank of The Middle Fork Koyukuk River at PLMP 229.9 before spring breakup.
- Worked with the Technical Data Management & Support Section of the Division of Mining, Land & Water on 21 as-built drawings. These as-built drawings represent pending amendments to the TAPS Right-of-Way Lease for cathodic protection systems and river training structures.
- Annual inspections of the 26 material sites on State land used by Alyeska were conducted.
- In 1996/97, JPO and Alyeska agreed to a schedule to test mainline valves for internal leak through. Several valves have been repaired or replaced as a direct result. Remote Gate Valve 39 is to be repaired or replaced by the end of 2002. Periodic testing of TAPS valves will occur according to the schedule and procedures contained in the TAPS Valve Maintenance Management Plan.
- The TAPS owners submitted applications to renew the right-of-way Grant and Lease. December 2002 is our target date to complete all processes including the Commissioner's Determination.
- The SPCO participated in six scoping meetings.
- Closed an order to Alyeska to clean and inspect tanks and develop interim contingency measures at the Valdez Marine Terminal.
- Issued Comprehensive Monitoring Plan Reports on TAPS Operations, Construction, and Maintenance.
- Completed our investigation of the August 16, 2000 fatality at the Valdez Marine Terminal.
- Directed Alyeska to establish and implement standardized controls of heavy equipment parked on the ready line and identified several areas for improvement.
- Welcomed the Minerals Management Service to the JPO family. There are now 13 participating agencies.
- Oversaw the successful repair of several bullet holes in TAPS, including one that resulted in a puncture.
- Surveillance will continue throughout the clean-up process.
- Signed a Statement of Intent with the Prince William Sound Regional Citizens Advisory Council to improve lines of communication and working relationships and eliminate "surprises" when possible.
- Released the 1999-2000 JPO Annual Report.
-

Statutory and Regulatory Authority

AS 27.19 Mining Reclamation
 AS 38.05 Alaska Land Act
 AS 38.35 Right-of-Way Leasing Act
 AS 46.15 Alaska Water Use Act
 AS 46.40 Alaska Coastal Zone Management Program

6 AAC 50 Alaska Coastal Zone Management Program
 11 AAC 51 Public Easements
 11 AAC 53 Records, Survey, Platting
 11 AAC 71 Timber and material Sites

11 AAC 80 Pipeline Rights-of-Way
11 AAC 96 Miscellaneous Land Use
11 AAC 97 Mining Reclamation

43 CFR 2880

Pipeline Coordinator

Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	1,489.1	1,738.3	1,977.7
72000 Travel	72.1	188.0	188.0
73000 Contractual	1,282.1	1,839.8	1,640.8
74000 Supplies	62.9	71.8	71.8
75000 Equipment	149.2	8.0	8.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,055.4	3,845.9	3,886.3
Funding Sources:			
1002 Federal Receipts	27.1	40.2	40.5
1004 General Fund Receipts	124.3	0.0	0.0
1005 General Fund/Program Receipts	389.7	434.7	443.9
1007 Inter-Agency Receipts	11.1	21.3	21.4
1053 Investment Loss Trust Fund	7.3	0.0	0.0
1108 Statutory Designated Program Receipts	2,495.9	3,349.7	3,380.5
Funding Totals	3,055.4	3,845.9	3,886.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
General Fund Program Receipts	51060	359.5	0.0	350.0	350.0	350.0
Unrestricted Total		359.5	0.0	350.0	350.0	350.0
Restricted Revenues						
Federal Receipts	51010	27.1	40.2	36.6	40.5	40.5
Interagency Receipts	51015	11.1	21.3	14.1	21.4	21.4
General Fund Program Receipts	51060	389.7	434.7	434.7	443.9	443.9
Statutory Designated Program Receipts	51063	2,495.9	3,349.7	3,276.3	3,380.5	3,380.5
Restricted Total		2,923.8	3,845.9	3,761.7	3,886.3	3,886.3
Total Estimated Revenues		3,283.3	3,845.9	4,111.7	4,236.3	4,236.3

Pipeline Coordinator**Proposed Changes in Levels of Service for FY2003**

Staff will move from lease application processing to renewal application processing, construction and operations oversight.

Summary of Component Budget Changes**From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	434.7	40.2	3,371.0	3,845.9
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	9.2	0.3	30.9	40.4
FY2003 Governor	443.9	40.5	3,401.9	3,886.3

Pipeline Coordinator**Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2002</u>	<u>FY2003</u>		
	<u>Authorized</u>	<u>Governor</u>		
Full-time	23	23	Annual Salaries	1,548,595
Part-time	0	0	COLA	38,799
Nonpermanent	7	9	Premium Pay	0
			Annual Benefits	494,550
			<i>Less 5.01% Vacancy Factor</i>	(104,244)
			Lump Sum Premium Pay	0
Totals	30	32	Total Personal Services	1,977,700

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Manager II	1	0	0	0	1
Data Processing Mgr I	1	0	0	0	1
Dep St Pipeline Coord Engrng	1	0	0	0	1
Engineer/Architect IV	1	0	0	0	1
Habitat Biologist IV	1	0	0	0	1
Information Officer III	1	0	0	0	1
Micro/Network Tech II	1	0	0	0	1
Natural Resource Manager II	2	0	0	0	2
Natural Resource Mgr I	3	0	0	0	3
Natural Resource Mgr II	1	0	0	0	1
Natural Resource Mgr III	1	0	0	0	1
Natural Resource Off II	4	0	0	0	4
Pipe Line Coordinator	1	0	0	0	1
Records Analyst I	1	0	0	0	1
Secretary	1	0	0	0	1
Student Intern I	2	0	0	0	2
Student Intern II	3	0	0	0	3
Student Intern III	1	0	0	0	1
Taps Renewal Coordinator	1	0	0	0	1
Tech Eng I / Architect I	1	0	0	0	1
Totals	32	0	0	0	32